

MEDICAID FORECAST FOR FY 2008 AND FY 2009

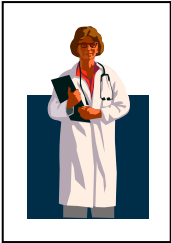
Medicaid Forecast

Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on November 27 to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2008 and FY 2009. The three staffs meet monthly to discuss estimated expenditures and to agree on a range for expenditures for the current and upcoming fiscal years.

FY 2008

House File 909 (FY 2008 Health and Human Services Appropriations Act) included total State funding of \$833.9 million. This is an increase of \$62.7 million compared to FY 2007. For FY 2008, the three staffs agreed that total Medicaid expenditures will fall in a range of an estimated supplemental need of \$15.0 million to a surplus of \$15.0 million with a midpoint of zero. The increased funds for FY 2008 in HF 909 include:

- \$9.3 million to increase parental income disregard from 50% to 58%.
- \$2.2 million to eliminate the Home and Community Based Waiver waiting list for the Children's Mental Health Waiver.
- \$132,000 for federally required changes in the calculation of medical income trusts.
- \$1.1 million to fund the new Money Follows the Person program.
- \$250,000 for the Iowa Health Collaborative.
- \$14.0 million for a 1.6% enrollment increase.
- \$7.7 million for 1.0% medical inflation.
- \$11.4 million to fund additional costs resulting from the Federal Medical Assistance Percentage (FMAP) decreasing from 61.98% to a projected 61.79%.
- \$10.6 million to complete the transition to Remedial Service Providers (RSP).
- \$500,000 to replace funds carried forward for field operations in FY 2007.
- \$860,000 to fund increased enrollment in the Medicaid for Independent Young Adults (MIYA) Program.
- \$4.4 million to expand enrollment for Medicaid-eligible children.
- \$1.0 million to fund the new Habilitation Services Program.
- \$10.4 million to rebase nursing facilities.
- \$6.8 million for increased Medicaid buy-in premiums.
- \$6.0 million in savings related to the Iowa Medicaid Enterprise.
- \$650,000 for federally-required Payment Error Rate Measurement (PERM) audits.



FY 2009	For FY 2009, the three staffs agreed to an increased need ranging from \$28.0 to \$50.0 million with a midpoint of \$39.0 million over the original FY 2008 appropriation. This includes the \$15.9 million for IowaCare resulting from the phase-out of federal funding for the Mental Health Institutes that was agreed to in the creation of the IowaCare program.
IowaCare	In addition to the \$15.9 million mentioned above, the IowaCare program has an estimated \$6.0 million supplemental need in FY 2008 and an additional \$6.2 million need for FY 2009. The increased funding need results from rapid growth in enrollment. Currently, there are more than 20,000 individuals being served by the program.
More Information	Additional information is available from the LSA upon request.

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Fiscal Committee Report
Medical Assistance Program Funding for FY 2007 and FY 2008

State Appropriation

	Actual FY 2007	Estimated FY 2008
General Fund	\$ 664,311,610	\$ 616,771,820
Health Care Trust Fund	0	99,518,096
Healthy Iowans Tobacco Trust	35,327,368	35,327,368
Senior Living Trust Fund	65,000,000	65,000,000
Carryforward from FY 2007	0	10,750,000
Property Tax Relief (codified)	6,600,000	6,600,000
Total State Appropriation	<u>\$ 771,238,978</u>	<u>\$ 833,967,284</u>

State Expenditures

	Actual FY 2007	Year to Date FY 2008
July	\$ 14,107,670	\$ 16,379,832
August	48,443,845	48,508,909
September	51,278,427	63,394,006
October	69,856,090	73,328,600
November	57,272,161	65,468,081
December	64,658,737	-
January	64,953,511	-
February	63,282,231	-
March	63,935,543	-
April	66,879,378	-
May	70,439,016	-
June	63,082,095	-
June +60	61,284,763	-
Total State Expenditures	<u>\$ 759,473,466</u>	<u>\$ 267,079,428</u>

